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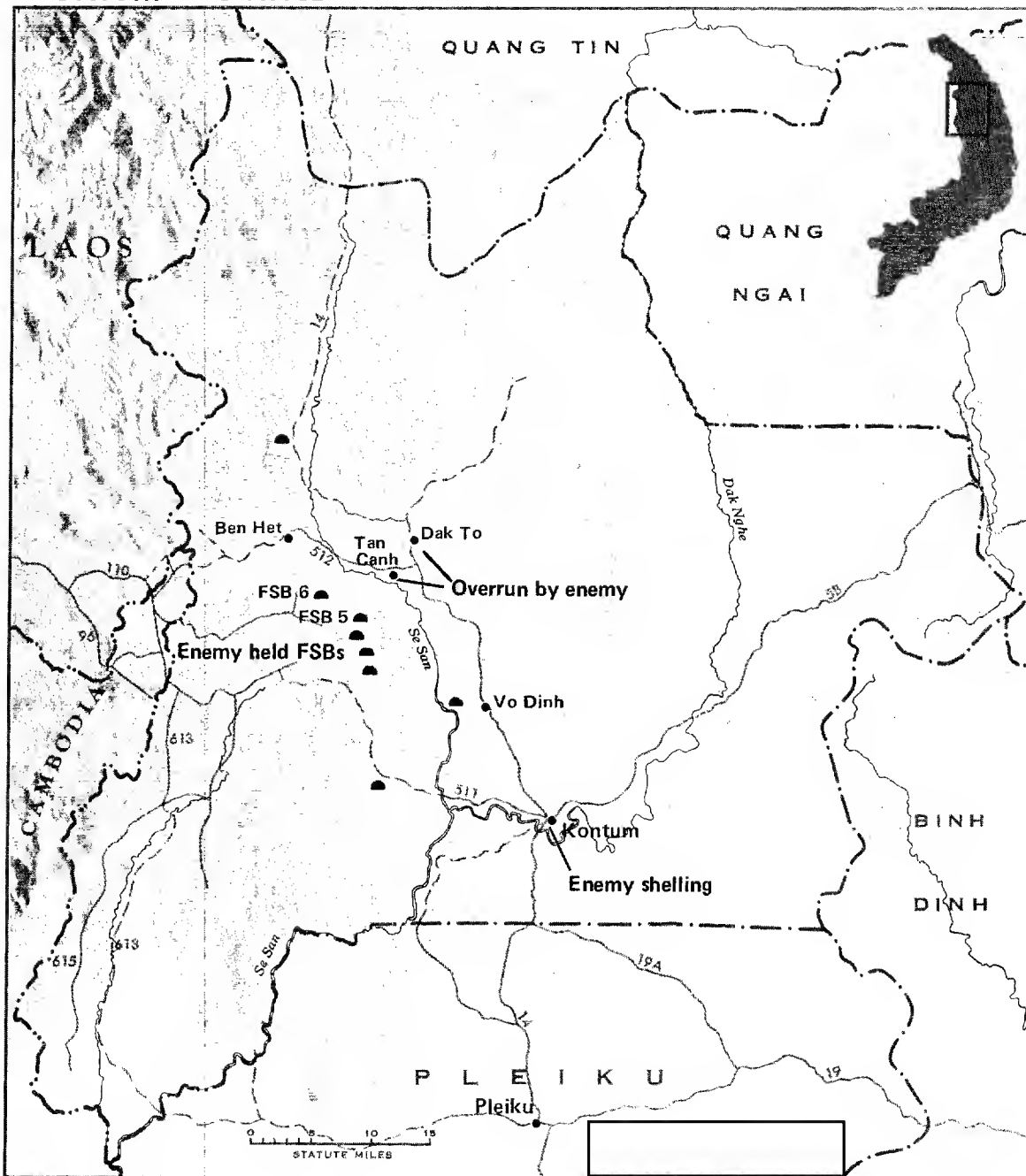
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KONTUM PROVINCE



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SOUTH VIETNAM: The Communists are maintaining heavy pressure on government forces in Kontum Province.

Enemy infantry and tank units yesterday overran government positions at Dak To as well as the command post of the South Vietnamese 22nd Division at Tan Canh. At last report, these forces were moving south along Route 14. The attacks, which probably were carried out by the North Vietnamese 2nd Division with support from elements of the 320th Division, routed most of the 22nd Division and breached the government's lines north of Kontum city. Enemy gunners also shelled Kontum city yesterday.

The South Vietnamese 23rd Division, which normally operates farther south in Military Region 2, has assumed control of government operations in Kontum Province. Several Ranger and airborne battalions are manning fallback positions south of Dak To. All remaining artillery support bases on Rocket Ridge have been abandoned and are now reportedly held by the North Vietnamese.

According to delayed reports, the Communists ambushed a large South Vietnamese convoy on Route 21 between Nha Trang and Ban Me Thuot on 22 April. This is the alternate route that has been used to resupply the highland provinces of Kontum and Pleiku since Route 19, the primary supply line, was blocked two weeks ago. Closure of Route 21 would effectively halt the overland movement of men and materiel to the highlands.

The situation remains basically unchanged on the other major battlefronts. [REDACTED]

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CAMBODIA: The flare-up of student unrest in Phnom Penh will create new difficulties for Lon Nol's government.

The government had attempted to muzzle student criticism of the new draft constitution that will be put to a national referendum on 30 April by ordering the arrest of an activist student leader. In reaction, a small number of armed students has occupied part of the law school at Phnom Penh and refused to allow military police to take the student into custody. Government security authorities apparently are undecided on what to do next, but there are no signs that they are preparing to use tough tactics to end the present standoff.

The open confrontation between the students and the government has further intensified student dissatisfaction with the draft constitution. In a meeting at Phnom Penh University on 24 April, students voted to oppose the constitution, calling it the work of one man (Lon Nol) and not the public will. Despite this opposition, the constitution probably will be endorsed by a majority of voters.

The recrudescence of student opposition is politically embarrassing to Lon Nol, whose decisions to produce a new constitution and to schedule presidential and legislative elections were substantially influenced by a desire to keep the students neutralized. Lon Nol now has a potentially volatile situation on his hands and less room for maneuver. He can cancel the order to arrest the student leader only at the risk of losing political prestige. If he does so, the students will have won another victory and will probably become more assertive in pushing for major changes in how Cambodia is ruled.

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UK: Rank-and-file workers in two major unions, in defiance of their leadership, continue to challenge the government's Industrial Relations Act.

Both longshoremen, engaged in a secondary boycott, and striking railwaymen have defied orders issued by the newly-established National Industrial Relations Court (NIRC), a body modeled on the US National Labor Relations Board. Last week, the NIRC found the Transport and General Workers' Union, Britain's largest union, to be in continuing contempt for ignoring an earlier NIRC order to halt a secondary boycott. The NIRC ordered the union to pay fines totaling well over \$100,000 and threatened to freeze all of the union assets if the fines were not paid. The ruling helped to persuade the railway union leaders to obey an NIRC directive to return to normal operations during a 14-day "cooling off" period. The workers, however, ignored their leaders' instructions and staged a wildcat strike yesterday that threw London's traffic back into the chaos of last week.

Leaders in both unions, who had reluctantly decided to comply with the orders, are now caught between the government and their members. The Trades Union Congress, a confederation of most of Britain's unions, had planned to reconsider its policy of non-adherence to the Act next week. Although the Congress had been expected to modify its position slightly, at least to permit unions to appear in court when challenged, it will now have to face the possibility that rank-and-file members will refuse to agree to any softening of the policy.

The Heath government has vacillated between a hard-line policy and conciliation toward labor. At this point, it is committed to the Act and has put its own prestige behind the NIRC ruling. The prime minister is determined to end the wildcat strikes, which have disrupted industry for years, by bringing labor relations into orderly legal procedures, as embodied in the Industrial Relations Act. [REDACTED]

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GHANA: The government's search for new sources of food imports has taken on a greater urgency in the wake of growing shortages in Accra.

The junta has approached nearby African countries as potential indirect suppliers and has formulated contingency plans for shifting a large portion of its foreign trade to Communist countries. An economic delegation reportedly will soon depart for Peking to seek a \$50-million credit to finance food imports from China. Accra has also invited tenders from any interested party for a list of needed foods.

Accra plans to send delegations to East European countries, presumably including the USSR, as part of Ghana's new emphasis on non-alignment. The USSR, China, and East Germany have expressed interest in reactivating old economic aid projects or beginning new ones. Some \$62 million in Soviet credits and about \$40 million in Chinese credits remain from agreements signed in the early 1960s. The Ghanaians apparently still prefer Western aid, however, if they can get it.

Food shortages have resulted in part from the new government's interference in the food distribution system, and the shortages are likely to worsen, at least over the short run. Moreover, Western sources of food imports have all but dried up because short-term credit guarantees are unavailable following the military government's repudiation of some debts in February.

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NOTE

EUROPEAN COMMUNITY: The EC countries have begun to implement the first phase of their recently revised program for economic and monetary union by reducing the permissible range of fluctuation among EC currencies to 2.25 percent from the 4.5 percent provided for in the Smithsonian agreement last December. This is the first step toward an eventual common currency. The EC had agreed to narrow the band among Community currencies last June, but was prevented from doing so by the international monetary crisis. The narrower band will be maintained through intervention in Community currencies by the central banks of member nations and by closer economic policy coordination. The UK is likely to participate in the arrangement beginning next month, and the other applicants for EC membership are likely to join soon thereafter. [REDACTED]

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